

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (7/7)
BUTTER: Grade AA closed at \$1.1525. The weekly average for Grade AA is \$1.1525 (+.0020).

CHEESE: Barrels closed at \$1.1500 and blocks at \$1.1600. The weekly average for barrels is \$1.1592 (-.0058) and blocks, \$1.1650 (-.0090).

BUTTER: The cash butter market is generally steady. Churning was active over the extended holiday period. Butter producers indicated that additional cream offerings were available over the 4th of July holiday period, but not as heavy as anticipated. Many Class II operations reduced or totally cancelled cream orders for last weekend and early in the week as plants ceased operation in observance of the holiday. For many producers, butter production surpassed demand, thus surplus production moved to inventory. Butter sales were light this week. Producers and handlers anticipate that buyers will return to the marketplace next week after they have had a chance to review inventory levels.

CHEESE: The cheese market is weak. New business was generally slow in developing after the holiday with many in the industry closed or on vacation one or more days. Barrels are tight to adequate depending on package, age, and location. Blocks offerings are more than adequate overall and continue to pressure the barrel/block spread. New mozzarella interest is lighter as summer heat chills pizza interest. Cheese production remains seasonally active and inventories are building for some producers. Cumulative cheddar cheese production during the first 5 months of 2006 totals 1.331 billion pounds, up 34.2 million pounds (2.6%) from the same period in 2005. Total cheese output in 2006 totals 3.899 billion pounds, an increase of 104.7 million pounds (2.8%) from last year.

FLUID MILK: Milk production across many parts of the U.S. is declining from the seasonal peak. Heat and humidity are affecting cows in several regions. The extended holiday weekend caused only minor issues in handling surplus milk supplies. Bottled milk sales were light and sporadic around the holiday. The Northeast is seeing milk just coming off the peak. Areas hit by heavy rains in recent weeks are still feeling the effects in production and logistics. The Southeast is seeing milk decline at a faster pace. In the Midwest, milk output is declining more across the southern states and is mostly level in the upper tier. Production is slightly lower in the Northwest and Mountain States. Temperatures are rising and production per cow is declining. The lack of dairy quality hay remains a big concern for current and future. The Southwest is also being

impacted by summertime temperatures and milk is trending lower at expected levels.

DRY PRODUCTS: Production was often higher for many dry dairy products over the extended holiday period to process available milk supplies. Balancing plants were active to handle additional milk, but volumes were not as heavy as expected. Nonfat dry milk prices are higher and reflect the lack of offerings to the support program and several processors increasing pricing schedules. Dry buttermilk prices are sharply higher with a firm undertone. The trend in recent weeks has been for producers to clear stocks through large export and domestic sales. Then, the producers raise asking prices. Demand has been fair to good for current offerings. Buttermilk has been a good buy when compared to NDM. The dry whey market is fully steady this week. There are brands that are in tighter positions and commanding premiums, but current supply and demand are in good balance. Exporting continues to be used to move whey with volumes and pricing being very active. The whey protein concentrate markets are steady. Buying interest is beginning to rebuild and helping to move stocks. Lactose prices are sharply higher and reflect the inclusion on third quarter contract prices. Demand has been very good for lactose in recent months and there has been a decline in the availability of 30 - 100 mesh. Export interest has been keen as world buyers sought to find product for their needs.

CCC: During the week of July 3 - 7, there were no purchases by CCC.

MAY DAIRY PRODUCTS (NASS): Butter production was 129.5 million pounds in May, 7.3% above May 2005 and 0.8% above April 2006. American type cheese production totaled 345.9 million pounds, 4.0% above May 2005 and 2.1% above April 2006. Total cheese output (excluding cottage cheese) was 807.1 million pounds, 3.0% above May 2005 and 2.6% above April 2006. Nonfat dry milk production, for human food, totaled 131.8 million pounds, 6.0% above May 2005 and 2.0% above April 2006. Dry whey production, for human food, was 94.6 million pounds, 9.1% above May 2005 and 2.9% above April 2006. Ice cream (hard) production totaled 82.1 million gallons, 4.7% above May 2005 and 6.0% above April 2006.

CONSUMER PRICE INDEX (BLS): The May CPI for all food is 194.2, up 1.9% from May 2005. The dairy products index is 181.0, down 1.3% from a year ago. The following are the May to May changes for selected products: fresh whole milk is -3.3%; cheese, -0.9%; and butter, -7.5%.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

PRODUCT	MONDAY JULY 3	TUESDAY JULY 4	WEDNESDAY JULY 5	THURSDAY JULY 6	FRIDAY JULY 7	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	CLOSED	HOLIDAY	\$1.1650 (N.C.)	\$1.1625 (-.0025)	\$1.1500 (-.0125)	(-.0150)	\$1.1592 (-.0058)
40# BLOCKS			\$1.1725 (N.C.)	\$1.1625 (-.0100)	\$1.1600 (-.0025)	(-.0125)	\$1.1650 (-.0090)
BUTTER GRADE AA	NO TRADING	NO TRADING	\$1.1525 (+.0025)	\$1.1525 (N.C.)	\$1.1525 (N.C.)	(+.0025)	\$1.1525 (+.0020)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2.

CHICAGO MERCANTILE EXCHANGE

MONDAY, JULY 3, 2006

CLOSED - NO TRADING

TUESDAY, JULY 4, 2006

HOLIDAY - NO TRADING

WEDNESDAY, JULY 5, 2006

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER — SALES: NONE; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.1525, 1 @ \$1.1500, 1 @ \$1.1400; OFFERS UNCOVERED: NONE

THURSDAY, JULY 6, 2006

CHEESE — SALES: 2 CARS 40# BLOCKS: 1 @ \$1.1625, 1 @ \$1.1650; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1625; 1 CAR 40# BLOCKS @ \$1.1625

BUTTER — SALES: 1 CAR GRADE AA @ \$1.1525; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$1.1525, 1 @ \$1.1400; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.1550

FRIDAY, JULY 7, 2006

CHEESE — SALES: 6 CARS 40# BLOCKS @ \$1.1600; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1500; 1 CAR 40# BLOCKS @ \$1.1700

BUTTER — SALES: 1 CAR GRADE AA @ \$1.1525; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$1.1450, 1 @ \$1.1300; OFFERS UNCOVERED: NONE

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.8700 and Grade A at \$0.8700. (The last price change for Extra Grade and Grade A was on June 27, 2006.) The weekly average for Extra Grade is \$0.8700 (-.0040) and Grade A is \$0.8700 (-.0035).

BUTTER MARKETS

APRIL BUTTER PRODUCTION

During April 2006, butter production in the United States totaled 127.8 million pounds, 9.2% more than April 2005 but 10.0% more than March 2006. The following are April to April changes for various states: CA +20.2%, NY -13.5%, PA +11.2%, and WI -7.2%.

NORTHEAST

The butter market is unsettled with prices slightly lower. Churning activity over the past weekend was heavier as surplus cream offerings increased. Many Class II operations reduced or totally cancelled cream orders for the weekend and early in the week as plants ceased operations in observance of the 4th of July, thus pushing surplus cream offerings to Class IV operations. Butter stocks remain readily available for the fair at best demand. Butter orders early in the week are light as the holiday approaches. Retail and foodservice orders are minimal as buyers wait until after the holiday before returning to the market. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

The CME cash butter prices has held steady for the past week, but firmed slightly at midweek to \$1.1525. This strength surprised some producers and handlers, especially following the holiday period when churning activity was heavier and stocks increased. Butter producers indicated that the volume of surplus cream available to them during the 4th of July holiday period was heavy, but lighter than anticipated. In most instances, Central butter producers had plant capacity to

spare during this time. Stocks of butter increased during the long holiday weekend as orders were minimal. Traders and handlers state that buying interest was very slow early in the week, but they anticipate that this will increase as buyers assess their post holiday inventories and return to the marketplace later in the week. Retail and food service orders are slow. Some retail feature activity continues to be reported which is clearing good volumes of print butter. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

WEST

The butter market is not fully tested in the holiday shortened week. Trading levels at the CME were 1/4 cent higher on Wednesday at \$1.1525. In the West, churning was active over the extended holiday period, but production was mostly at or slightly below expectations. Milk and cream levels were not heavy at any location and loads were handled well. Butter demand is steady to food service and retail accounts. CME weekly stock numbers were not available at release time. Old Butter stocks at CME warehouses declined for the second straight week, moving 817,000 pounds lower at 155.8 million pounds. This compares to last year, when 101.6 million pounds were reported. Prices for bulk butter range from 2 cents under to 5 cents under based on the CME with various time frames and averages. May U.S. butter production totals 129.5 million pounds, up 7.3% from last year. Cumulative output for the first five months in 2006 totals 684.1 million pounds, up 79.0 million pounds (13.1%) from the same period in 2005. In May, the Western region produced 57.7 million pounds, up 20.9% (+10.0 million pounds) from May 2005. The West produced 45% of the May U.S. total.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE BARRELS			
JULY 1	1.1902	1.1886	0.8270	1.1254	0.2803
	11,136,463	10,475,217	34,932,509	4,120,796	10,723,892

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Northeast cheese markets and prices are on the weak side. The weekly CME cheese price for both barrels and 40# blocks continues to edge lower which is the basis for natural and process cheese pricing. Cheese production remains strong in the Northeast as milk volumes are readily available. Some manufacturers indicated that additional surplus milk was available over the weekend and remains so early in the holiday week. Cheese stocks are adequate for the slow to fair demand. The heavy rainfall in the Middle Atlantic region has subsided, but the aftermath of flooding and flooded areas continues to hamper deliveries in some areas of the region.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2600-1.7800
Cheddar Single Daisies	:	1.2175-1.7025
Cheddar 40# Block	:	1.3150-1.5900
Process 5# Loaf	:	1.3750-1.6200
Process 5# Sliced	:	1.3950-1.7050
Muenster	:	1.3325-1.5325
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is unsettled. New spot interest is generally light as most buyers take extra time to review movement after the holiday. Some buyers are working on plans for "back to school" and Labor Day promotions. Bulk cheese needs are heavier after the holiday as many cutting and processing operations were closed an additional day or two for the holiday observance. Many cutter and/or processors will use extra product packaged ahead of the holiday or need some overtime to finish orders this week. Current natural American supplies are at least adequate for current needs. Supplies entering aging programs have slowed. Cheese production remains seasonally active in the upper Midwest due to strong milk receipts. Cheese yields are lower seasonally.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4350-1.6125
Brick And/Or Muenster 5#	:	1.6500-1.7325
Cheddar 40# Block	:	1.5200-2.2650
Monterey Jack 10#	:	1.6500-2.2650
Blue 5#	:	2.0375-2.3300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3625-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.1550-2.8300

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	
07/01/06	52,817	: 139,697
06/01/06	48,721	: 139,662
CHANGE	4,096	: 35
% CHANGE	8	: N.C.

WEST

The cheese market remains steady to weak. Pricing levels at the CME cash market since a week ago have held steady for barrels at \$1.1650 and moved just a 1/4 cent lower on blocks to close at \$1.1725. Cheese production is steady to trending lower in the region and mainly reflects the milk production patterns. Barrels continue to trade tighter than blocks. More block cheese is available. There is good interest still evident for undergrades and processing solids. Swiss sales are fair to good for current offerings. Mozzarella demand has slowed seasonally with summer patterns noted. Total U.S. cheese production was 807.2 million pounds in May, up 3.0% from last year. Cumulative output from January through May totals 3.90 billion pounds, up 104.7 million pounds (2.8%) from the same period in 2005. In May, the Western region produced 355.3 million pounds, up 6.8% from last year. The West produced 44% of the U.S. total. May Swiss output for the U.S. is 26.5 million pounds, up 3.5% from a year earlier.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3175-1.5750
Cheddar 40# Block	:	1.2925-1.6450
Cheddar 10# Cuts	:	1.4725-1.6925
Monterey Jack 10#	:	1.4825-1.6425
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.7000

FOREIGN

Foreign cheese markets are steady to weak with imported prices holding steady while domestic prices edge lower. Orders early in the week were slow in developing as buyers continue to observe the 4th of July holiday. Stocks of both imported and domestic varieties appear to be in good balance with demand.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-4.3500	: 1.5800-3.0675*
Gorgonzola	: 3.6900-5.9400	: 2.0825-2.4900*
Parmesan (Italy)	: TFEWR	: 2.9875-3.0925*
Romano (Italy)	: 2.1000-3.1900	: -0-
Provolone (Italy)	: 3.4400-6.0900	: 1.5725-1.8100*
Romano (Cows Milk)	: -0-	: 2.7700-4.9125*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 3.1200-4.1500	: -0-
Swiss Cuts Switzerland	: -0-	: 2.4500-2.6500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: TFEWR	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	6	0	33	0	150
SOUTHEAST STATES	0	0	0	0	0	3

Milk production throughout the Eastern portion of the country continues to decline. Summer heat and humidity levels are now affecting the milk herd, typical for this time of the season. In the Northeast, milk production is holding basically steady at seasonally high levels, although some milk handlers are reporting slightly lower receipts at the plant. In the Middle Atlantic region, effects of heavy rainfall a few weeks ago continue to impact milk production and milk logistics. In the Southeast, summer weather patterns are definitely impacting milk volumes and production trends. Basically all schools are now out for the summer which is adding milk to the milk processing pipelines, although this is occurring as milk production is declining. The extended 4th of July holiday period did have an impact on milk logistics during the past weekend and early in the week. Milk handlers stated that surplus milk volumes were heavy and put processing pressure on manufacturing plants, although some milk handlers stated that the holiday period was not as stressful as anticipated. With the actual holiday on Tuesday, some plants basically operated on regular schedules with down time occurring only on Tuesday versus an extended weekend. Some Class I operations did run heavier bottling schedules late last week in preparation of the holiday period. Condensed skim markets are holding steady at unchanged prices. Condensed sales slowed slightly during the holiday period, but are resuming at midweek. Some minimal volumes of condensed skim were discounted during the holiday period to keep product moving. Cream traders indicated that they had cream to place during the holiday period, but no major problems were reported. One trader stated that locating trucks was a much harder problem than placing the cream.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.5532-1.6682
DELIVERED EQUIVALENT: ATLANTA	-	1.5762-1.7142 M 1.5877-1.6797
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.4755-1.6107

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:	
NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9000-.9700
NORTHEAST - CLASS III - SPOT PRICES	- .8900-.9500

M I D W E S T

The fluid market remains at light summer levels though retail features provide the usual temporary boost in selected markets. The holiday and, for some, labor contracts affected plant schedules and the need or desire for additional milk and cream supplies. More plants were closed for an extra long weekend causing a few handlers to have more problems than usual clearing surplus volumes while others reported no problems. Manufacturing milk interest remains spotty and generally lackluster. Spot offerings remain seasonally heavy. Reported spot manufacturing milk prices were affected by the holiday and ranged from around -\$1.00 to +\$1.00, net seller. Cream demand and prices were uneven as some ice cream makers also took an extra day or two around the holiday. Ice cream and mix output remains active, though as usual in July; overall production is on the downhill slope of the production curve. Some users

tried to just receive milk and/or cream and float past the holiday with full silos. Churning was more active over the holiday weekend as cream buyers were fewer. As expected, cream multiples took a dip over the weekend and early in the week. Milk intakes are flat to occasionally higher in parts of the upper Midwest. Heat stressed cows in Southern and Central states are showing more of a decline in output. Fat and protein tests continue to drift lower. Cow prices at an early July dairy sale for approved quality fresh milking cows sold for \$1700.00 – 2175.00 per head and approved quality springing cows at \$1650.00 – 1825.00 and approved quality springing heifers at \$1650.00 – 1900.00.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUN 29 - JUL 5	PREVIOUS YEAR
SLAUGHTER COWS	\$ 47.00- 53.00	\$ 56.00- 61.00
REPLACEMENT HEIFER CALVES	\$400.00-580.00	\$400.00-780.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUN 29 - JUL 5	PREVIOUS YEAR
SLAUGHTER COWS	\$ 47.00- 53.00	\$ 56.00- 60.00

W E S T

The June 4a price (butter/powder) in CALIFORNIA is \$9.83, \$0.13 lower than May and \$2.21 less than last year. This compares to the Federal Order Class IV price for June at \$10.22. The May 4b price (cheese) is \$10.65, up 17 cents from April but \$2.97 lower than last year. This compares to the Federal Order Class III price for May at \$11.29. May 2006 POOL RECEIPTS of milk in CALIFORNIA total 3.20 billion pounds, 2.6% higher than last year. January to May 2006 cumulative receipts are running 4.9% higher than 2005 totals. The May blend price, at a fat test of 3.58%, is \$10.72, 17 cents lower than April and \$2.74 less than May 2005. The percentage of receipts used in Class 1 products is 14.8%. The May quota price is \$11.90 and the over quota price is \$10.20. These prices are unchanged from April but \$2.70 lower than a year earlier. CALIFORNIA milk production rebounded in some locations following recent hot weather conditions. Temperatures were not as severe lately and animals are adjusting to the conditions. The recent downturn in milk helped processors make it through the extended holiday with few problems. Milk handling went well with few problems reported. Fluid milk demand from bottlers was light over the extended weekend and has been slow to redevelop. ARIZONA weather conditions are hot and more humid which is causing milk production to decline. The start of the monsoon season in Arizona brings severe storms and provides poor conditions for cow comfort. PACIFIC NORTHWEST milk output is declining slightly off the seasonal peak. Weather conditions are heating up and milk is starting to decline. The impact on the milking herds is beginning. Processing plants did fine handling milk over and around the holiday. There are concerns about the lack of dairy quality hay in the region. There is additional dry cow, type hay available because of rained on hay. Higher costs for other grains and protein are not providing alternatives, especially with lower milk prices. Heifers are more available for replacement needs. In IDAHO and UTAH, milk production is steady with some variance in plant intakes noted. Surplus, holiday milk was handled well. The total milk supply is heavier this year as more cows have been added. There is processing capacity for current milk. CREAM prices are steady to slightly higher this week, reflecting higher multiples being paid. Ice cream utilization is up slightly and they are paying high multiples. The butter price at the CME has been relatively stable, closing at \$1.1525 on Wednesday, July 5, up a 1/4 cent from last week. Multiples are higher and range 106 to 128, FOB, and vary on basing points and class usage.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are higher on a mostly steady market. Some pricing programs reflected seasonal changes in their formulas in response to expected reductions in the milk supply. As a result, premiums added onto list prices are higher at some locations. Milk was mostly steady over the holiday weekend, encouraging steady production of NDM. Inventories are reportedly in balance with most movement occurring on a contractual basis. Additional spot supplies are typically garnered from Western handlers where volumes are more readily available. Resale trade is noted at significant premiums to the market. During the week, no CCC purchases were reported in the Central region.

EAST: Prices are generally higher as the major supplier in the region adjusted their prices. The market tone is to firm. Powder production levels over the past holiday period were heavier as many condensed users were down during various time periods over the holiday. The additional production was welcomed by some producers as stocks are generally in balance to light. Some traders indicate that firm prices are having an impact on demand. In general, the current holiday week has not provided a good survey of the industry, thus traders and buyers feel that they will be able to better indicate the directions of the market next week.

DAIRY PRODUCTS: Production of human food, NONFAT DRY MILK during May 2006 totaled 131.8 million pounds, up 6.0% from May 2005 and 2.0% above April 2006. Month ending stocks, at 143.3 million pounds, are 28.1% above a year ago but 7.7% below last month. Production of SKIM MILK POWDER, a blended product with a standardized protein content, totaled 18.1 million pounds, 16.4% lower than May 2005 but 46.2% above April 2006. Month ending stocks are not reported for this commodity.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8400 - .8975 MOSTLY: .8400 - .8600

HIGH HEAT: .8750 - .9300

NONFAT DRY MILK - WEST

Low/medium heat nonfat dry milk prices are higher in the West. The market tone is steady to firmer. No offerings of NDM to the price support program were made during the holiday shortened week. Last week, 1.7 million pounds of Western NDM was offered to the support program. Production is trending lower seasonally as milk volumes moving down as a whole in the region. Additional milk was dried around the holiday. Demand is fair to good under contracts. Interest from the cheese makers is light to fair. NDM exports are being developed but remain slow to Mexico. U.S. NDM production in May totaled 131.8 million pounds, 6.0% higher than last year and 2.0% more than last month. Cumulative NDM production for the first five months total 614.0 million pounds, up 16.1% from the same period in 2005. Skim milk powders (SMP) production in May totaled 18.1 million pounds, down 16.4% from last year but 46.2% more than last month. May NDM production in the Western region totaled 87.6 million pounds, up 17.0% from last year. The West produced 66% of the U.S. total in May. California produced 56.6 million pounds, up 31.9% from May 2005. U.S. manufacturers' stocks at the end of May were reported at 143.3 million pounds, 28.1% more than last year but 7.7% lower than last month.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8100 - .8350 MOSTLY: .8100 - .8300

HIGH HEAT: .8400 - .8750

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEKENDING	PRICE	TOTAL SALES	SALES TO CCC
June 30	\$.8084	15,507,970	4,198,455
June 23	\$.8070	14,356,755	4,771,946

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are higher on a firm market. Good export movement, coupled with seasonal interest from ice cream and bakery users, reduced available inventories. Some additional milk was available for churning over the holiday weekend, encouraging increased condensed buttermilk production. Most additional condensed buttermilk produced was readily cleared into end-user facilities instead of being dried. Production of dry buttermilk during May 2006 totaled 5.8 million pounds, 4.3% less than May 2005 and 11.4% below April 2006. Month ending stocks, at 14.4 million pounds, are 46.8% above a year ago but 9.6% below than April 2006.

F.O.B. CENTRAL:

.7675 - .8200

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are firm. Northeastern prices remain nominal. Butter production over the 4th of July holiday period increased slightly, but not as heavy as expected, thus buttermilk volumes were not that much heavier than prior to the holiday. Demand for condensed buttermilk dipped slightly over the holiday period, but continues at good levels. Powder stocks appear to be in close balance with demand at this time. Dry buttermilk production during May 2006 totaled 5.8 million pounds, down 4.3% from last May 2005 and 11.4% less than April 2006. Month ending stocks, at 14.4 million pounds, are 46.8% more than a year ago but 9.6% less than a month ago.

EAST:

.7100 - .7250

DELVD SOUTHEAST:

.7250 - .7450

DRY BUTTERMILK - WEST

Western buttermilk prices are sharply higher and the market tone is firm. Recent export and domestic sales have been made that have cleared up inventory levels for several producers. Then, prices were moved higher and additional trades made. Current buying activity is occurring at the new levels. Production is still active, but declining where less milk and cream are entering butter facilities. U.S. dry buttermilk production in May totaled 5.8 million pounds, down 4.3% from last year and 11.4% less than April. Stocks at the end of May were 14.4 million pounds, 46.8% higher than last year but 9.6% lower than April 2006.

F.O.B. WEST:

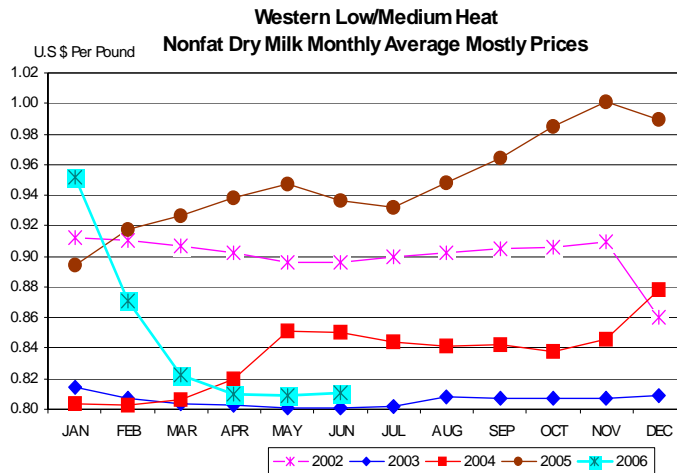
.6300 - .7350 MOSTLY: .6500 - .7100

DRY WHOLE MILK - NATIONAL

Whole milk powder markets are generally steady at unchanged prices. Powder production was slightly higher over the past holiday period, but not as active as anticipated. Milk production is edging lower in most regions of the country, thus is powder output. Demand is slow to fair. Stocks are basically balanced with need. Dry whole milk production during May 2006 totaled 2.4 million pounds, down 22.7% from May 2005 but 52.9% more than April 2006.

F.O.B. PRODUCING PLANT:

1.1000 - 1.2375



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are generally unchanged on a steady market. Trade activity is light due in part to the shorter holiday work week. Most movement is occurring on a contractual basis with offering prices noted at a premium to the market. Some brokers were able to make a few deals during the week. Supplies of feed grade supplies are limited for the good interest. Production of HUMAN FOOD, dry whey during May 2006 totaled 94.6 million pounds, 9.1% more than May 2005 and 2.9% above April 2006. Month ending stocks, at 40.8 million pounds, are 12.7% above a year ago but 2.2% less than April 2006. Production of ANIMAL FEED, dry whey during May 2006 totaled 5.1 million pounds, 32.0% less than May 2005 but 12.5% above April 2006. Month ending stocks, at 2.6 million pounds, are 20.7% lower than a year ago but 61.8% more than April 2006.

F.O.B. CENTRAL: .2725 - .2950 MOSTLY: .2725 - .2775
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2550 - .2675

DRY WHEY - NORTHEAST AND SOUTHEAST

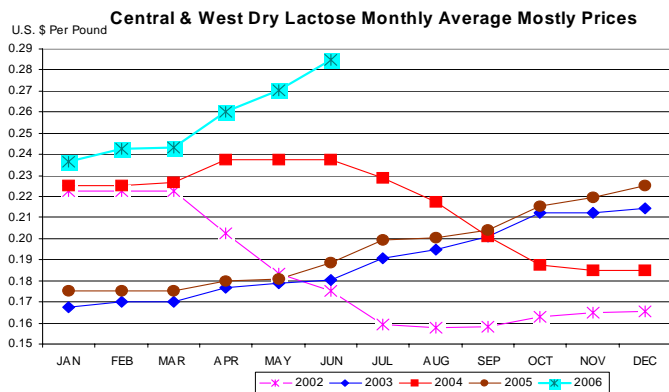
Whey markets and prices are generally holding steady, although a firm undertone prevails. Production levels in the East are steady although edging lower as milk volumes decline. Some additional cheese production occurred over the holiday period, but was not significant enough to enhance whey volumes. Contract buyers are basically getting their needs filled on schedule, as producers are very aggressive in clearing production versus building inventories. Domestic demand is improving and most spot demand is being filled in the resale side of the market. Production of human food, dry whey during May totaled 94.6 million pounds, 9.1% more than May 2005 and 2.9% more than April 2006. Month ending stocks, at 40.8 million pounds, are 12.7% above last year but 2.2% less than a month ago. Production of animal feed, dry whey during May totaled 5.1 million pounds, 32.0% less than a year ago but 12.5% above April 2006.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2750 - .3000
DELVD SOUTHEAST: .2900 - .3300

DRY WHEY - WEST

Western whey prices are mostly steady and reflect a relatively stable market tone. Production levels are trending slightly lower, mainly mirroring milk intakes and cheese production. The whey export market continues to provide a good avenue to move product. Currently, whey in the U.S. provides an excellent quality and price value to importing countries. Demand from local accounts is mainly steady. Current inventory levels are in good balance. U.S. edible whey production in May totals 94.6 million pounds, up 9.1% from last year. Stocks at the end of May were 40.8 million pounds, up 12.7% from last year. In May, the Western region produced 32.7 million pounds, up 27.2% from last year and 35% of the U.S. total. Cumulative total dry whey production for the first five months of the year is 475.1 million pounds, up 32.4 million pounds (7.3%) from 2005.

NONHYGROSCOPIC: .2750 - .3200 MOSTLY: .2800 - .3000

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are mostly unchanged on a steady market. Increased inquiries are noted from Asia, Europe and some domestic users. Resale trade is reported at a premium. Producers and traders indicate that the market has bottomed. Spot trade is relatively light due in part to the short holiday week. Increased interest in 80% WPC and off grade 34% WPC are noted into some feed operations. Production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during May 2006 totaled 25.8 million pounds, 14.0% higher than May 2005 and 2.1% above April 2006. Manufacturers' end-of-month stocks totaled 19.1 million pounds, 32.4% higher than a year ago and 2.1% above last month. Production of HUMAN AND ANIMAL WPC (50.0-89.9% PROTEIN) during May 2006 totaled 9.8 million pounds, up 28.1% from May 2005 but 4.9% below April 2006. Manufacturers' end-of-month stocks totaled 12.0 million pounds, 18.1% above last year but 0.7% lower than last month.

F.O.B. EXTRA GRADE 34% PROTEIN: .5700 - .6100 MOSTLY: .5700 - .5900

LACTOSE - CENTRAL AND WEST

Prices are higher on a firm market. As third quarter commences, prices are trending significantly higher. Although most supplies appear to be committed, some sellers are laggard in finalizing deals. Supplies are virtually non-existent in the spot market. Inquiries are noted from both domestic and foreign users. Limited supplies of lactose are encouraging buyer interest in dry permeate as a substitute into some applications. Feed grade supplies are limited for the good interest. Lactose production during May 2006 totaled 60.5 million pounds, up 4.1% from May 2005 and 4.1% higher than April 2006. Month ending stocks, at 41.0 million pounds, are 33.8% lower than a year ago and 4.0% below last month.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .2775 - .3500 MOSTLY: .3100 - .3400

CASEIN - NATIONAL

Casein markets and prices are generally steady. The start of a new quarter did not cause prices to adjust as some buyers anticipated. Suppliers continue to indicate that stocks are available, although production is lower, especially in Europe. Some suppliers state that stocks are available for future needs, but question supply availability during the non-production time of the year. Oceania is working from inventoried stocks which are reported to be sufficient to maintain scheduled shipments. In Europe, production is seasonally active, although lighter than last year. Many European producers have adjusted their production schedules due to various factors. Some feel that a better economic return can be realized with the production of other manufactured dairy products and have completely discontinued casein output. Others state that available milk volumes are competitive and casein production is losing market share and overall milk volumes in Europe are lower than last year.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.0000 - 3.1000
ACID: 3.0500 - 3.1500

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Demand is seasonally slow. Milk volumes are high although declining in most production regions. Evaporated producers are taking advantage of the available milk volumes and storing summer production for future needs. Canned evaporated milk production during May totaled 43.7 million pounds, 11.1% less than May 2005 but 4.7% more than April 2006. Month ending stocks, at 81.8 million pounds, are 21.9% above a year ago and 10.2% more than last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$21.20 - 36.00

Excluding promotional and other sales allowances. Included new price announcements.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JULY 3 - 7, 2006			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/05	SAME PERIOD LAST YEAR	WEEK ENDING 06/30/06	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	198,000	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	198,000	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	65,292,607	31,817,269	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	65,292,607	31,817,269	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JULY 3 - 7, 2006 =	0.0	0.0	COMPARABLE PERIOD IN 2005 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2005 =	16.2	762.0	CUMULATIVE SAME PERIOD LAST YEAR =	7.0	370.4
CUMULATIVE JANUARY 1 - JULY 7, 2006 =	16.2	762.0	COMPARABLE CALENDAR YEAR 2005 =	0.0	0.0

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JULY 3 - 7, 2006 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/05 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
CENTRAL	-0-	-0-	198,000	-0-	1,848,543	1,331,567	13.8	4.2
WEST	-0-	-0-	-0-	-0-	61,039,588	29,415,099	82.9	92.4
EAST	-0-	-0-	-0-	-0-	2,404,476	1,070,603	3.3	3.4
TOTAL	-0-	-0-	198,000	-0-	65,292,607	31,817,269	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 06/17/06 & Comparable Week 2005

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL		% DAIRY OF ALL	
											WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2006-Dairy	N.A.	0.6	5.5	2.1	15.6	2.3	0.3	N.A.	12.7	1.4	41.4	1,063.7	40.1	44.9
2005-Dairy	N.A.	0.6	5.6	2.0	12.0	1.9	0.7	N.A.	10.8	2.0	36.5	1,080.3	42.3	47.6
2006-All cows	N.A.	0.6	6.9	11.4	29.4	19.6	14.0	N.A.	15.5	2.1	103.2	2,367.5		
2005-All cows	N.A.	0.7	6.9	10.7	24.7	13.2	10.0	N.A.	13.8	3.7	86.3	2,267.5		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37

FEDERAL MILK ORDER CLASS PRICES FOR 2006 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.38	13.38	12.49	11.22	10.97	10.75	11.34					
II	13.25	12.62	11.69	11.37	11.13	11.00						
III	13.39	12.20	11.11	10.93	10.83	11.29						
IV	12.20	11.10	10.68	10.36	10.33	10.22						

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm05/mib/cls_prod_cmp_pr.htm

INTERNATIONAL DAIRY MARKET NEWS

Information gathered June 26 - July 7, 2006

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

WESTERN OVERVIEW: Milk production in Europe is trending lower seasonally. Overall milk production in Europe is down approximately 900,000 to 1 million metric tons during the first 6 months of 2006 compared to a year ago. Eastern Europe is also trending lower as their annual peak occurs generally a month or so later than Western Europe. Emphasis on current milk products produced continues toward cheese as well as "liquid" products over butter and powders. Inventories are generally at least adequate for the still fairly light international demand. Butter intervention remains active with offerings for the two week period ending June 29 totaling 4451 tons. Of this total, 1807 tons were accepted under the tendering system. The accepted price on the intervention stocks is 84.3% of the old intervention value and 91.7% of the new value, as of July 1. The new intervention value is 2595 euros. A cumulative total of 89,510 tons of butter have been placed in PSA storage compared to 117,256 tons a year ago. The next scheduled EU commission meeting is July 13. There has been no skim offered to intervention and stocks are empty.

BUTTER/BUTTEROIL: The butter market remains under pressure. Milk and butter production are declining seasonally. Also after the recent hot spell, fat content in the milk is also lower. Butter intervention remains active with offerings for the fortnight ending June 29 totaling 4451 tons with 1807 tons accepted under the tendering system. The accepted price on the intervention stocks is 84.3% of the pre-July 1 price and 91.7% of the July price. The new intervention value as of July 1 is 2595 euros. A total of 89,510 tons of butter have been placed in PSA storage compared to 117,256 tons in storage a year ago. For EU consumers, whether internal consumer prices will decline far enough to reach the new intervention price may take some additional time.

82% BUTTERFAT: 1,700 - 1,925
99% BUTTERFAT: 2,200 - 2,300

SKIM MILK POWDER (SMP): The skim market is steady. Demand is fairly quiet as international buyers try to delay purchases in the hope of lower prices later. Production is continuing to decline seasonally. Skim inventories are relatively light with no stocks currently in intervention. The emphasis continues toward cheese and liquid product production over butter and powders.

1.25% BUTTERFAT: 2,275 - 2,450

WHOLE MILK POWDER (WMP): The whole milk market is steady with the usual fluctuations due to currency exchange rates. Current offerings are ample for the generally quiet international interest. Production is lighter seasonally as emphasis is toward other products as milk receipts decline. International prospects remain limited for the short term.

26% BUTTERFAT: 2,150 - 2,300

SWEET WHEY POWDER: The whey market is about steady although currency fluctuations affect the final prices. Whey production remains active seasonally as cheese production continues to be emphasized over butter/powders. With skim stocks minimal, buyers continue to substitute whey where possible, including animal feed. International interest remains light due to Europe's higher prices compared to other sources.

NONHYGROSCOPIC: 800 - 885

EASTERN OVERVIEW: Milk production has peaked in Eastern Europe and is now on the decline. Stocks continue to build though at a slower rate than just a month ago. Current buying interest generally remains light. Most deals being consummated are for smaller volumes.

Exchange rates for selected foreign currencies: July 4, 2006

.9035 Canadian Dollar	.0218 Indian Rupee
.3243 Argentina Peso	.6104 New Zealand Dollar
.0903 Mexican Peso	.7453 Australian Dollar
.3197 Polish Zloty	.0087 Japanese Yen
	1.2800 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0903)=
11.0742 Mexican Pesos. Source: "Wall Street Journal"

OCEANIA

OCEANIA OVERVIEW: Milk production in Oceania is at seasonal low levels. In New Zealand, the new milk production season will resume in 6 weeks or so, while output in Australia will start a few weeks later. Official Oceania milk production figures for the 2005 - 2006 production season are still pending. Producers and handlers feel that a 3-4% increase over last year will be recorded in New Zealand with output in Australia running between flat and 1% lower. Winter weather conditions are mixed. In New Zealand, cold and wet conditions are being reported while dry conditions are occurring in Australia. Australian milk producers and handlers state that moisture was not that prevalent during the last half of the season just completed, June 30. Milk producers state that low moisture levels will hinder a positive start for the new season. Traders and handlers indicate that inventories of manufactured dairy production are in close balance with demand. In instances, some suppliers are reaching to prearranged outside sources to fulfill their commitments. At this point, stocks are in close enough balance with demand that most traders and handlers are not acknowledging reported spot buyer interest. Negotiations continue to occur for the new milk production season. Traders state that a significant portion of early season production has been committed. Some traders remain hesitant to overextend themselves at this time, but assure customers that they will work closely with them to provide needed volumes as the season develops.

BUTTER: Butter markets are generally steady with prices holding steady to lower on the top end of the reported range. Some handlers and traders have been indicating that prices at the top of the range have been too high, thus the weakness is being met favorably by those voicing their concern. Butter stocks, as with all Oceania manufactured dairy products, are declining as orders are being filled from inventoried stock. The milk production season is at seasonal low levels. Manufacturers, especially in New Zealand, state that the new season is not that far away and will resume in about 6 weeks or so.

82% BUTTERFAT: 1,600 - 1,800

CHEDDAR CHEESE: Oceania cheese markets are generally steady at unchanged prices. Milk and cheese production are at seasonal low levels, thus shipments are being filled from inventoried stock. Handlers and traders indicate that supplies are in balance with demand, thus minimal volumes, if any, are available for spot or new buyer interest. Many state that inventories will be at low levels once the new production season resumes. Traders continue to negotiate new sales for the upcoming production season. At this time, traders and handlers indicate that a good portion of first half cheese production is already committed.

39% MAXIMUM MOISTURE: 2,550 - 2,800

SKIM MILK POWDER (SMP): Skim milk powder markets are steady to firm as prices are unchanged to slightly higher. Many Oceania traders indicate that firm prices in some international markets are stimulating firmer prices in the region. Stocks are reported to be in close balance with prearranged outside sources being utilized to fill all needs. Most producers and handlers state that they do not have any additional powder available for spot buyer interest. Traders and handlers indicate that spot buyer interest is minimal as most international buyers know that the Oceania supply situation is limited.

1.25% BUTTERFAT: 2,000 - 2,150

WHOLE MILK POWDER (WMP): Oceania whole milk powder markets are steady to firm. Much of the strength to the Oceania market is coming from firmness elsewhere in the international market place. Stocks are in close balance with basically no surplus volumes available for spot or new buyer interest. Traders continue to negotiate new sales contracts with ongoing customers, with most traders indicating that they are not acknowledging new buyer interest at this time. Traders and handlers feel that they just got by with a supply/demand balance for the season just completed, thus they are not willing to push the limits with new buyer interest for the new season.

26% BUTTERFAT: 2,000 - 2,200

CHICAGO MERCANTILE EXCHANGE FUTURESSelected settling prices, (open interest), and volume 1/

Month	06/21	06/22	06/23	06/26	06/27	06/28	06/29	06/30	07/03	07/04
CME - CLASS III MILK FUTURES (Pit-Traded)										
JUN 06	11.26 (3070) 2	11.26 (3085) 4	11.29 (3126) 152	11.29 (3121) 1	11.28 (3107) 63	11.28 (3107) 0	11.28 (3107) 3	11.29 (2809) 0		NO TRADING
JUL 06	11.26 (3549) 114	11.20 (3550) 83	11.23 (3474) 98	11.21 (3493) 67	11.24 (3544) 34	11.22 (3545) 43	11.17 (3569) 129	11.15 (3509) 98	11.17 (3509) 31	
AUG 06	11.71 (3980) 213	11.67 (4007) 124	11.74 (4018) 154	11.66 (4018) 208	11.70 (4022) 30	11.70 (4075) 174	11.61 (4075) 146	11.59 (4089) 75	11.63 (4087) 156	
SEP 06	12.23 (4152) 69	12.23 (4165) 63	12.35 (4168) 180	12.26 (4234) 137	12.31 (4229) 47	12.32 (4234) 127	12.19 (4242) 46	12.17 (4242) 84	12.23 (4276) 88	
OCT 06	12.29 (3751) 63	12.28 (3775) 128	12.34 (3790) 46	12.26 (3808) 89	12.35 (3803) 19	12.35 (3807) 16	12.22 (3799) 22	12.20 (3808) 36	12.22 (3816) 15	
NOV 06	12.29 (3404) 59	12.25 (3414) 53	12.27 (3433) 47	12.25 (3472) 54	12.28 (3453) 32	12.28 (3462) 12	12.20 (3460) 10	12.18 (3463) 19	12.24 (3465) 15	
DEC 06	12.10 (2902) 54	12.06 (2902) 39	12.09 (2911) 44	12.06 (2939) 48	12.10 (2943) 11	12.10 (2944) 5	12.06 (2952) 10	12.08 (2959) 11	12.11 (2968) 12	
JAN 07	12.30 (993) 38	12.25 (1010) 40	12.30 (1087) 147	12.27 (1108) 25	12.30 (1114) 15	12.30 (1117) 6	12.25 (1118) 10	12.22 (1127) 5	12.25 (1128) 3	
FEB 07	12.08 (890) 26	12.00 (909) 36	12.10 (922) 45	12.10 (948) 38	12.14 (953) 16	12.16 (955) 3	12.10 (954) 13	12.09 (954) 2	12.09 (956) 4	
MAR 07	12.25 (927) 26	12.20 (935) 33	12.30 (959) 44	12.29 (967) 26	12.30 (970) 15	12.30 (970) 0	12.20 (970) 2	12.17 (979) 16	12.20 (985) 8	
APR 07	12.38 (673) 15	12.31 (685) 25	12.41 (702) 31	12.39 (712) 23	12.40 (711) 6	12.44 (711) 3	12.35 (710) 11	12.35 (709) 1	12.35 (710) 4	
MAY 07	12.41 (646) 5	12.35 (652) 16	12.50 (645) 64	12.49 (679) 14	12.50 (673) 17	12.50 (673) 0	12.40 (674) 2	12.40 (674) 0	12.40 (677) 4	
JUN 07	12.58 (569) 12	12.50 (593) 33	12.60 (605) 46	12.55 (627) 14	12.56 (627) 5	12.56 (627) 0	12.56 (624) 3	12.56 (624) 0	12.56 (625) 5	
JUL 07	13.00 (447) 4	12.85 (458) 18	12.90 (479) 28	12.87 (484) 8	12.87 (484) 5	12.87 (486) 4	12.87 (486) 3	12.87 (486) 4	12.87 (489) 4	
AUG 07	13.12 (364) 2	13.05 (389) 22	13.05 (418) 52	13.03 (418) 15	13.03 (418) 4	13.00 (420) 3	13.00 (421) 2	13.02 (421) 0	13.02 (423) 3	
CME - CLASS IV MILK FUTURES (Pit-Traded)										
JUN 06	10.33 (6) 0	10.33 (6) 0	10.33 (6) 0	10.33 (6) 0	10.33 (6) 0	10.33 (6) 0	10.33 (6) 0	10.22 (6) 0		NO TRADING
JUL 06	11.00 (11) 0	11.00 (11) 0	11.00 (11) 0	11.00 (11) 0	11.00 (11) 0	11.00 (11) 0	10.60 (11) 0	10.55 (11) 0	10.55 (11) 0	
AUG 06	11.00 (6) 0	11.00 (6) 0	11.00 (6) 0	11.00 (6) 0	11.00 (6) 0	11.00 (6) 0	11.00 (6) 0	10.98 (6) 0	10.98 (6) 0	
CME – PRODUCT SETTLED BUTTER FUTURES (Pit-Traded)										
JUL 06	116.50 (275) 14	116.25 (266) 16	116.00 (262) 10	115.75 (252) 12	115.00 (250) 4	115.00 (250) 7	115.00 (248) 12	115.25 (252) 2	115.25 (238) 10	NO TRADING
SEP 06	120.00 (384) 3	120.20 (385) 6	119.00 (389) 9	119.00 (389) 0	119.00 (389) 0	118.50 (389) 2	118.50 (389) 4	118.50 (425) 1	118.50 (425) 0	
OCT 06	121.75 (228) 1	121.75 (225) 5	120.50 (230) 5	120.50 (230) 0	120.50 (230) 0	120.45 (230) 1	120.45 (230) 0	120.00 (247) 1	120.00 (247) 0	
CME – CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
JUN 06	115.75 (542) 9	115.90 (540) 11	115.25 (540) 5	115.25 (540) 0	115.25 (540) 0	115.25 (540) 0	115.25 (540) 0	115.13 (540) 0		NO TRADING
JUL 06	117.00 (642) 0	116.50 (645) 8	116.50 (648) 3	116.00 (648) 6	115.00 (648) 3	115.25 (648) 0	115.25 (648) 0	116.00 (815) 3	116.00 (815) 0	
AUG 06	121.00 (706) 4	120.25 (722) 30	120.50 (730) 10	118.75 (731) 4	118.50 (731) 5	118.50 (729) 2	118.50 (729) 0	118.00 (919) 4	118.00 (919) 6	

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-250-3208.

MONTHLY SUMMARY AND AVERAGES FOR JUNE 2006 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 22 ::----- :: JUN 01 - 02	::REPORT NUMBER 23 ::----- :: JUN 05 - 09	::REPORT NUMBER 24 ::----- :: JUN 12 - 16	::REPORT NUMBER 25 ::----- :: JUN 19 - 23	::REPORT NUMBER 26 ::----- :: JUN 26 - 30	:: 2006 :: Average :: or Total	: 2005 : Average : or Total
CHEESE							
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	:: 1.4600 - 1.6375	:: 1.4750 - 1.6525	:: 1.4625 - 1.6400	:: 1.4600 - 1.6375	:: 1.4425 - 1.6200	:: 1.5488	: 1.7908
-- Brick And/Or Muenster 5#	:: 1.6200 - 1.7700	:: 1.6500 - 1.7650	:: 1.6500 - 1.7600	:: 1.6500 - 1.7625	:: 1.6500 - 1.7400	:: 1.7027	: 1.9934
-- Cheddar 40# Block	:: 1.4900 - 2.2650	:: 1.5200 - 2.2650	:: 1.5200 - 2.2650	:: 1.5200 - 2.2650	:: 1.5200 - 2.2650	:: 1.8911	: 2.0289
-- Monterey Jack 10#	:: 1.6200 - 2.2650	:: 1.6500 - 2.2650	:: 1.6500 - 2.2650	:: 1.6500 - 2.2650	:: 1.6500 - 2.2650	:: 1.9561	: 2.1309
-- Blue 5#	:: 2.0750 - 2.3000	:: 2.0700 - 2.3300	:: 2.0650 - 2.3300	:: 2.0675 - 2.3300	:: 2.0450 - 2.3300	:: 2.1952	: 2.4959
-- Mozzarella 5 - 6#	:: 1.4000 - 2.3650	:: 1.3950 - 2.3650	:: 1.3900 - 2.3650	:: 1.3925 - 2.3650	:: 1.3700 - 2.3650	:: 1.8765	: 2.0162
-- Grade A Swiss Cuts 6 - 9#	:: 2.1550 - 2.8300	:: 2.1550 - 2.8300	:: 2.1550 - 2.8300	:: 2.1550 - 2.8300	:: 2.1550 - 2.8300	:: 2.4925	: 2.6368
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	:: 1.2975 - 1.8175	:: 1.2925 - 1.8125	:: 1.2875 - 1.8075	:: 1.2900 - 1.8100	:: 1.2675 - 1.7875	:: 1.5456	: 1.8274
-- Cheddar Single Daisies	:: 1.2550 - 1.7400	:: 1.2500 - 1.7350	:: 1.2450 - 1.7300	:: 1.2475 - 1.7325	:: 1.2250 - 1.7100	:: 1.4856	: 1.7649
-- Cheddar 40# Block	:: 1.3550 - 1.6275	:: 1.3500 - 1.6225	:: 1.3450 - 1.6175	:: 1.3475 - 1.6200	:: 1.3225 - 1.5975	:: 1.4790	: 1.7655
-- Process 5# Loaf	:: 1.4000 - 1.6450	:: 1.4150 - 1.6600	:: 1.4025 - 1.6475	:: 1.4000 - 1.6450	:: 1.3825 - 1.6275	:: 1.5225	: 1.7587
-- Process 5# Sliced	:: 1.4200 - 1.7300	:: 1.4350 - 1.7450	:: 1.4225 - 1.7325	:: 1.4200 - 1.7300	:: 1.4025 - 1.7125	:: 1.5750	: 1.7824
-- Muenster	:: 1.3700 - 1.5700	:: 1.3650 - 1.5650	:: 1.3600 - 1.5600	:: 1.3625 - 1.5625	:: 1.3400 - 1.5400	:: 1.4581	: 1.7436
-- Grade A Swiss Cuts 10 - 14#	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.5500	: 2.5500
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	:: 1.3425 - 1.6000	:: 1.3575 - 1.6150	:: 1.3450 - 1.6025	:: 1.3450 - 1.6025	:: 1.3250 - 1.5825	:: 1.4718	: 1.7250
-- Cheddar 40# Block	:: 1.3350 - 1.6875	:: 1.3275 - 1.6800	:: 1.3225 - 1.6750	:: 1.3225 - 1.6750	:: 1.3000 - 1.6525	:: 1.4959	: 1.7865
-- Cheddar 10# Cuts	:: 1.5150 - 1.7350	:: 1.5075 - 1.7275	:: 1.5025 - 1.7225	:: 1.5025 - 1.7225	:: 1.4800 - 1.7000	:: 1.6097	: 1.9002
-- Monterey Jack 10#	:: 1.5250 - 1.6850	:: 1.5175 - 1.6775	:: 1.5125 - 1.6725	:: 1.5125 - 1.6725	:: 1.4900 - 1.6500	:: 1.5897	: 1.8802
-- Grade A Swiss Cuts 6 - 9#	:: 2.3500 - 2.7000	:: 2.3500 - 2.7000	:: 2.3500 - 2.7000	:: 2.3500 - 2.7000	:: 2.3500 - 2.7000	:: 2.5250	: 2.4750
FLUID PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b	:: 1.3859 - 1.5034	:: 1.3880 - 1.6351	:: 1.4970 - 1.6373	:: 1.5510 - 1.7038	:: 1.5633 - 1.6791	:: 1.5694	: 1.9267
-- Atlanta - dlvd. equiv.	:: 1.3977 - 1.5151	:: 1.4112 - 1.6233	:: 1.4736 - 1.6490	:: 1.5628 - 1.7390	:: 1.5865 - 1.7254	:: 1.5836	: 1.9414
-- Upper Midwest - f.o.b	:: 1.4329 - 1.4799	:: 1.4468 - 1.5174	:: 1.4268 - 1.5671	:: 1.5393 - 1.6685	:: 1.4707 - 1.6444	:: 1.5280	: 1.8979
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.							
-- Class II	:: 0.8900 - 0.9800	:: 0.8900 - 0.9800	:: 0.9000 - 0.9700	:: 0.9000 - 0.9700	:: 0.9000 - 0.9700	:: 0.9350	: 0.9800
-- Class III	:: 0.8800 - 0.9400	:: 0.8800 - 0.9400	:: 0.8900 - 0.9500	:: 0.8900 - 0.9500	:: 0.8900 - 0.9500	:: 0.9168	: 1.1350
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	::21.2000 -36.0000	::21.2000 -36.0000	::21.2000 -36.0000	::21.2000 -36.0000	::21.2000 -36.0000	:: 28.6000	: 24.7500

MONTHLY SUMMARY AND AVERAGES FOR JUNE 2006 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 22 JUN 01 - 02	REPORT NUMBER 23 JUN 05 - 09	REPORT NUMBER 24 JUN 12 - 16	REPORT NUMBER 25 JUN 19 - 23	REPORT NUMBER 26 JUN 26 - 30	2006 Average or Total	2005 Average or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 0.8200 - 0.8825	:: 0.8300 - 0.8775	:: 0.8300 - 0.8775	:: 0.8300 - 0.8750	:: 0.7950 - 0.8725	:: 0.8487	:: 0.9758
-- Mostly	:: 0.8300 - 0.8500	:: 0.8300 - 0.8500	:: 0.8300 - 0.8500	:: 0.8300 - 0.8600	:: 0.8300 - 0.8600	:: 0.8423	:: 0.9850
-- High Heat	:: 0.8725 - 0.9200	:: 0.8675 - 0.9200	:: 0.8675 - 0.9300	:: 0.8650 - 0.9300	:: 0.8650 - 0.9300	:: 0.8968	:: 1.0358
-- West (f.o.b.)							
-- Low/Medium Heat	:: 0.7950 - 0.8350	:: 0.7950 - 0.8300	:: 0.7950 - 0.8350	:: 0.7950 - 0.8350	:: 0.7950 - 0.8350	:: 0.8144	:: 0.9410
-- Mostly	:: 0.8000 - 0.8150	:: 0.8000 - 0.8150	:: 0.8000 - 0.8150	:: 0.8050 - 0.8250	:: 0.8000 - 0.8300	:: 0.8109	:: 0.9367
-- High Heat	:: 0.8275 - 0.8675	:: 0.8275 - 0.8600	:: 0.8225 - 0.8700	:: 0.8300 - 0.8750	:: 0.8300 - 0.8750	:: 0.8486	:: 0.9612
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.2725 - 0.2875	:: 0.2725 - 0.2875	:: 0.2725 - 0.2875	:: 0.2725 - 0.2900	:: 0.2725 - 0.2950	:: 0.2811	:: 0.2652
-- Mostly	:: 0.2725 - 0.2775	:: 0.2725 - 0.2775	:: 0.2725 - 0.2775	:: 0.2725 - 0.2775	:: 0.2725 - 0.2775	:: 0.2750	:: 0.2635
-- West (f.o.b.)	:: 0.2500 - 0.3250	:: 0.2600 - 0.3200	:: 0.2650 - 0.3200	:: 0.2700 - 0.3200	:: 0.2750 - 0.3200	:: 0.2932	:: 0.2977
-- Mostly	:: 0.2800 - 0.3000	:: 0.2800 - 0.3000	:: 0.2800 - 0.3000	:: 0.2800 - 0.3000	:: 0.2800 - 0.3000	:: 0.2900	:: 0.2969
-- Northeast (f.o.b.)	:: 0.2725 - 0.3000	:: 0.2750 - 0.3000	:: 0.2750 - 0.3000	:: 0.2750 - 0.3000	:: 0.2750 - 0.3000	:: 0.2874	:: 0.2764
-- Southeast (Delvd)	:: 0.2900 - 0.3200	:: 0.2900 - 0.3225	:: 0.2900 - 0.3250	:: 0.2900 - 0.3250	:: 0.2900 - 0.3300	:: 0.3076	:: 0.2944
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.5550 - 0.6050	:: 0.5550 - 0.5950	:: 0.5550 - 0.5950	:: 0.5600 - 0.6100	:: 0.5600 - 0.6100	:: 0.5800	:: 0.9161
-- Mostly	:: 0.5700 - 0.5900	:: 0.5700 - 0.5900	:: 0.5700 - 0.5900	:: 0.5700 - 0.5900	:: 0.5700 - 0.5900	:: 0.5800	:: 0.8907
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.2400 - 0.2600	:: 0.2400 - 0.2600	:: 0.2400 - 0.2600	:: 0.2500 - 0.2675	:: 0.2550 - 0.2675	:: 0.2545	:: 0.2476
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	:: 0.6500 - 0.7900	:: 0.6500 - 0.7900	:: 0.6500 - 0.7900	:: 0.6800 - 0.7900	:: 0.7350 - 0.8000	:: 0.7342	:: 0.9868
-- West (f.o.b.)	:: 0.6000 - 0.6600	:: 0.6000 - 0.6600	:: 0.6000 - 0.6600	:: 0.6000 - 0.6800	:: 0.6100 - 0.6800	:: 0.6357	:: 0.9284
-- Mostly	:: 0.6200 - 0.6500	:: 0.6200 - 0.6500	:: 0.6200 - 0.6500	:: 0.6300 - 0.6600	:: 0.6400 - 0.6600	:: 0.6407	:: 0.9023
-- Northeast (f.o.b.)	:: 0.6700 - 0.6900	:: 0.6700 - 0.6900	:: 0.6700 - 0.6900	:: 0.6700 - 0.7000	:: 0.6900 - 0.7000	:: 0.6845	:: 0.9407
-- Southeast (Delvd)	:: 0.7000 - 0.7300	:: 0.6900 - 0.7200	:: 0.6900 - 0.7200	:: 0.6900 - 0.7200	:: 0.7000 - 0.7200	:: 0.7070	:: 0.9755
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.1475 - 1.2000	:: 1.1475 - 1.2000	:: 1.1000 - 1.2375	:: 1.1000 - 1.2375	:: 1.1000 - 1.2375	:: 1.1703	:: 1.3134
LACTOSE							
-- Central And West (f.o.b.)	:: 0.2400 - 0.3300	:: 0.2400 - 0.3300	:: 0.2400 - 0.3300	:: 0.2400 - 0.3300	:: 0.2400 - 0.3500	:: 0.2873	:: 0.1930
-- Mostly	:: 0.2500 - 0.3000	:: 0.2500 - 0.3000	:: 0.2500 - 0.3000	:: 0.2550 - 0.3300	:: 0.2700 - 0.3300	:: 0.2847	:: 0.1884
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 3.0000 - 3.1000	:: 3.0000 - 3.1000	:: 3.0000 - 3.1000	:: 3.0000 - 3.1000	:: 3.0000 - 3.1000	:: 3.0500	:: 3.3600
-- Nonrestricted - Acid	:: 3.0500 - 3.1500	:: 3.0500 - 3.1500	:: 3.0500 - 3.1500	:: 3.0500 - 3.1500	:: 3.0500 - 3.1500	:: 3.1000	:: 3.3350

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR JUNE 2006

COMMODITY	REPORT NUMBER 22	REPORT NUMBER 23	REPORT NUMBER 24	REPORT NUMBER 25	REPORT NUMBER 26	2006 *	2005 *
	JUN 1 - 2	JUN 5 - 9	JUN 12 - 16	JUN 19 - 23	JUN 26 - 30	Monthly Average	Monthly Average
BUTTER*							
-- GRADE AA							
--Monday	::	:: 1.1750	:: 1.1675	:: 1.1675	:: 1.1525	::	:
--Tuesday	::	:: 1.1700	:: 1.1750	:: 1.1625	:: 1.1500	::	:
--Wednesday	::	:: 1.1675	:: 1.1875	:: 1.1550	:: 1.1500	::	:
--Thursday	:: 1.1750	:: 1.1675	:: 1.1700	:: 1.1525	:: 1.1500	::	:
--Friday	:: 1.1750	:: 1.1675	:: 1.1750	:: 1.1525	:: 1.1500	:: 1.1643	: 1.5313
--Weekly Average**	:: 1.1763	:: 1.1695	:: 1.1750	:: 1.1580	:: 1.1505	::	:
CHEESE*							
-- BARRELS							
--Monday	::	:: 1.2000	:: 1.1825	:: 1.1850	:: 1.1650	::	:
--Tuesday	::	:: 1.2100	:: 1.1925	:: 1.1825	:: 1.1650	::	:
--Wednesday	::	:: 1.1825	:: 1.1925	:: 1.1650	:: 1.1650	::	:
--Thursday	:: 1.2100	:: 1.1825	:: 1.1925	:: 1.1650	:: 1.1650	::	:
--Friday	:: 1.2000	:: 1.1825	:: 1.1850	:: 1.1650	:: 1.1650	:: 1.1818	: 1.4580
--Weekly Average**	:: 1.2050	:: 1.1915	:: 1.1890	:: 1.1725	:: 1.1650	::	:
-- 40# BLOCKS							
--Monday	::	:: 1.2000	:: 1.2100	:: 1.1950	:: 1.1750	::	:
--Tuesday	::	:: 1.2000	:: 1.2100	:: 1.1925	:: 1.1750	::	:
--Wednesday	::	:: 1.2000	:: 1.2100	:: 1.1750	:: 1.1750	::	:
--Thursday	:: 1.2000	:: 1.2100	:: 1.2050	:: 1.1750	:: 1.1725	::	:
--Friday	:: 1.2000	:: 1.2100	:: 1.1950	:: 1.1750	:: 1.1725	:: 1.1924	: 1.5065
--Weekly Average**	:: 1.2088	:: 1.2040	:: 1.2060	:: 1.1825	:: 1.1740	::	:
NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday	::	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	::	:
--Tuesday	::	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8700	::	:
--Wednesday	::	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8700	::	:
--Thursday	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8700	::	:
--Friday	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8700	:: 0.8864	: 0.9625
--Weekly Average**	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8740	::	:
-- GRADE A							
--Monday	::	:: 0.8875	:: 0.8875	:: 0.8875	:: 0.8875	::	:
--Tuesday	::	:: 0.8875	:: 0.8875	:: 0.8875	:: 0.8700	::	:
--Wednesday	::	:: 0.8875	:: 0.8875	:: 0.8875	:: 0.8700	::	:
--Thursday	:: 0.8875	:: 0.8875	:: 0.8875	:: 0.8875	:: 0.8700	::	:
--Friday	:: 0.8875	:: 0.8875	:: 0.8875	:: 0.8875	:: 0.8700	:: 0.8843	: 0.9825
--Weekly Average**	:: 0.8875	:: 0.8875	:: 0.8875	:: 0.8875	:: 0.8735	::	:

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, JUNE

Component Price Information: Under the Federal milk order pricing system, the butterfat price for June 2006 is \$1.2436 per pound. Thus, the Class II butterfat price is \$1.2506. The protein and other solids prices for June are \$2.0790 and \$0.1255 per pound, respectively. These component prices set the Class III skim milk price at \$7.19 per cwt. The June Class IV skim milk price is \$6.08 which is derived from the nonfat solids price of \$0.6753 per pound. **Product Price Averages:** The product price averages for June are: butter \$1.1513, nonfat dry milk \$0.8221, cheese \$1.2166, and dry whey \$0.2808.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/						
FEDERAL MILK ORDER MARKETING AREAS 3/	ORDER NUMBER	JUNE 2006				JULY 2006
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) 4/	001	14.00	11.00	11.29	10.22	14.59
Appalachian (Charlotte) 5/	005	13.85	11.00	11.29	10.22	14.44
Southeast (Atlanta) 6/	007	13.85	11.00	11.29	10.22	14.44
Florida (Tampa) 7/	006	14.75	11.00	11.29	10.22	15.34
Mideast (Cleveland) 8/	033	12.75	11.00	11.29	10.22	13.34
Upper Midwest (Chicago) 9/	030	12.55	11.00	11.29	10.22	13.14
Central (Kansas City) 10/	032	12.75	11.00	11.29	10.22	13.34
Southwest (Dallas) 11/	126	13.75	11.00	11.29	10.22	14.34
Arizona (Phoenix) 12/	131	13.10	11.00	11.29	10.22	13.69
Pacific Northwest (Seattle) 13/	124	12.65	11.00	11.29	10.22	13.24
All-Market Average	---	13.40	11.00	11.29	10.22	13.99

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.

2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

3/ Names in parentheses are the major city in the principal pricing point of the market.

4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90.

6/ Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30.

8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

9/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

10/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

12/ Effective May 1, 2006, the name of the Federal milk order was changed. Clark County, Nevada which includes Las Vegas, was removed from the marketing area.

13/ Class I prices at other cities are: Portland, same; and Spokane, same.

MAY 2006 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 129.5 million pounds in May, 7.3 percent above May 2005 and 0.8 percent above April 2006. **AMERICAN TYPE CHEESE** production totaled 345.9 million pounds, 4.0 percent above May 2005 and 2.1 percent above April 2006. **TOTAL CHEESE** output (excluding cottage cheese) was 807.1 million pounds, 3.0 percent above May 2005 and 2.6 percent above April 2006. **NONFAT DRY MILK** production, for human food, totaled 131.8 million pounds, 6.0 percent above May 2005 and 2.0 percent above April 2006. **DRY WHEY** production, for human food, was 94.6 million pounds, 9.1 percent above May 2005 and 2.9 percent above April 2006. **ICE CREAM** (hard) production totaled 82.1 million gallons, 4.7 percent above May 2005 and 6.0 percent above April 2006.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	MAY 2006	PERCENT CHANGE FROM:			PRODUCT	MAY 2006	PERCENT CHANGE FROM:		
	1,000 LBS.	MAY 2005	APR 2006	YEAR TO DATE 1/		1,000 LBS.	MAY 2005	APR 2006	YEAR TO DATE 1/
BUTTER	129,468	7.3	0.8	13.1	YOGURT (PLAIN AND FLAVORED)	267,523	1.2	5.3	3.6
CHEESE					DRY WHEY PRODUCTS				
AMERICAN TYPES 2/	345,886	4.0	2.1	2.9	DRY WHEY, HUMAN FOOD	94,557	9.1	2.9	---
CHEDDAR	274,672	3.4	0.4	2.6	DRY WHEY, ANIMAL FEED	5,052	-32.0	12.5	---
SWISS	26,524	3.5	4.6	---	DRY WHEY, TOTAL	99,609	5.9	3.4	7.3
BRICK & MUENSTER	8,819	41.3	1.2	---	REDUCED LACTOSE AND MINERALS				
CREAM & NEUFCHATEL	55,601	8.5	11.9	---	HUMAN FOOD	3,816	-3.0	13.8	---
HISPANIC	14,088	1.2	-3.7	---	ANIMAL FEED	4,103	-22.9	7.3	---
MOZZARELLA	265,599	1.3	1.5	2.7	LACTOSE, HUMAN FOOD & ANIMAL FEED	60,460	4.1	4.1	---
OTHER ITALIAN TYPES	66,655	2.6	-0.4	5.0	WHEY PROTEIN CONCENTRATE				
TOTAL ITALIAN TYPES	332,254	1.5	1.1	3.2	HUMAN FOOD 7/	30,658	18.0	0.8	---
ALL OTHER TYPES	23,976	-12.0	15.5	---	ANIMAL FEED 7/	4,949	14.8	-4.2	---
TOTAL	807,148	3.0	2.6	2.8	TOTAL 7/	35,607	17.6	0.1	---
COTTAGE CHEESE, CURD 3/	38,884	-0.1	6.2	---	25.0-49.9 PERCENT 8/	25,825	14.0	2.1	---
COTTAGE CHEESE, CREAM 4/	31,140	-1.0	9.0	-3.5	50.0-89.9 PERCENT 8/	9,782	28.1	-4.9	---
COTTAGE CHEESE, LOWFAT 5/	35,102	0.6	10.8	-0.3	PROTEIN ISOLATES 9/	2,249	4.6	-3.6	---
CANNED EVAP & CONDSO WHOLE MILK	43,685	-11.1	4.7	---	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
DRY WHOLE MILK	2,431	-22.7	52.9	---	ICE CREAM (HARD)	82,064	4.7	6.0	-0.3
NONFAT DRY MILK (NDM), HUMAN	131,799	6.0	2.0	16.1	ICE CREAM, LOWFAT (HARD)	10,968	26.3	6.4	---
SKIM MILK POWDERS (SMP) 6/	18,144	-16.4	46.2	---	ICE CREAM, LOWFAT (SOFT)	26,171	7.1	20.3	---
DRY BUTTERMILK	5,778	-4.3	-11.4	---	ICE CREAM, LOWFAT (TOTAL)	37,139	12.1	15.9	0.4
SOUR CREAM	91,852	6.5	15.8	5.4	YOGURT (TOTAL)	6,638	6.4	11.4	0.4

MANUFACTURERS' STOCKS, END OF MONTH 10/							
PRODUCT	MAY 2006	PERCENT OF:		PRODUCT	MAY 2006	PERCENT OF:	
	1,000 LBS.	MAY 2005	APR 2006		1,000 LBS.	MAY 2005	APR 2006
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	40,817	12.7	-2.2	HUMAN FOOD 7/	28,834	30.2	2.5
DRY WHEY, ANIMAL FEED	2,612	-20.7	61.8	ANIMAL FEED 7/	2,256	-6.9	-15.4
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 11/	5,612	21.5	9.2	TOTAL 7/	31,090	26.5	1.0
LACTOSE, HUMAN FOOD & ANIMAL FEED	41,031	-33.8	-4.0	25.0-49.9 PERCENT 8/	19,128	32.4	2.1
CANNED EVAP & CONDSO WHOLE MILK	81,808	21.9	10.2	50.0-89.9 PERCENT 8/	11,962	18.1	-0.7
DRY BUTTERMILK	14,377	46.8	-9.6	NONFAT DRY MILK (NDM), HUMAN FOOD	143,305	28.1	-7.7

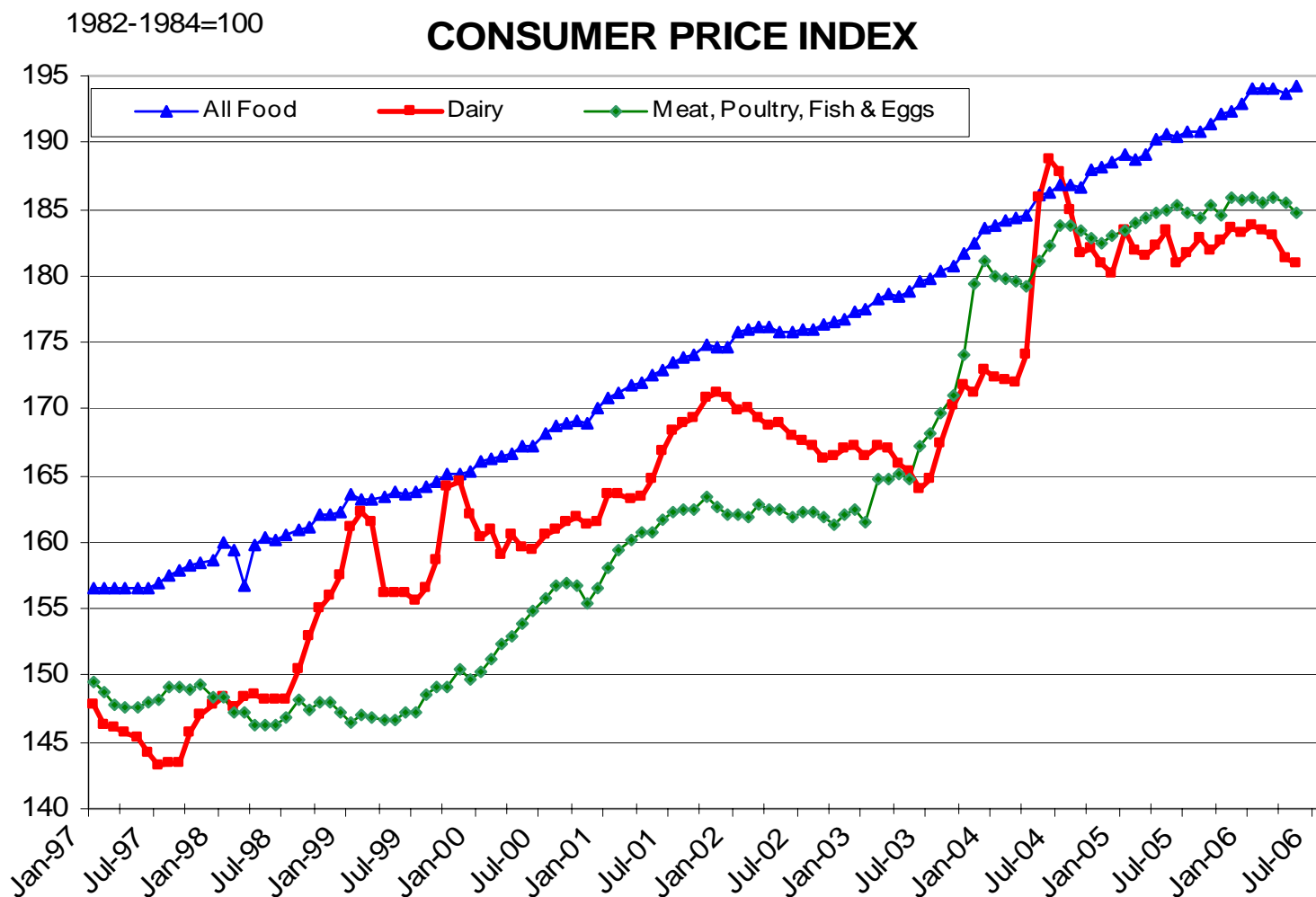
1/ 2006 cumulative as percent change of 2005 cumulative. 2/ Includes Cheddar, colby, monterey and jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Includes protein standardized and blends. 7/ Whey Protein Concentrate, 25.0 to 89.9 percent. 8/ Whey Protein Concentrate Human and Animal. 9/ Whey Protein Isolates, 90.0 percent or greater. 10/ Stocks held by manufacturers at all points and in transit. 11/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

SOURCE: "Dairy Products," Da 2-6 (7-06), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

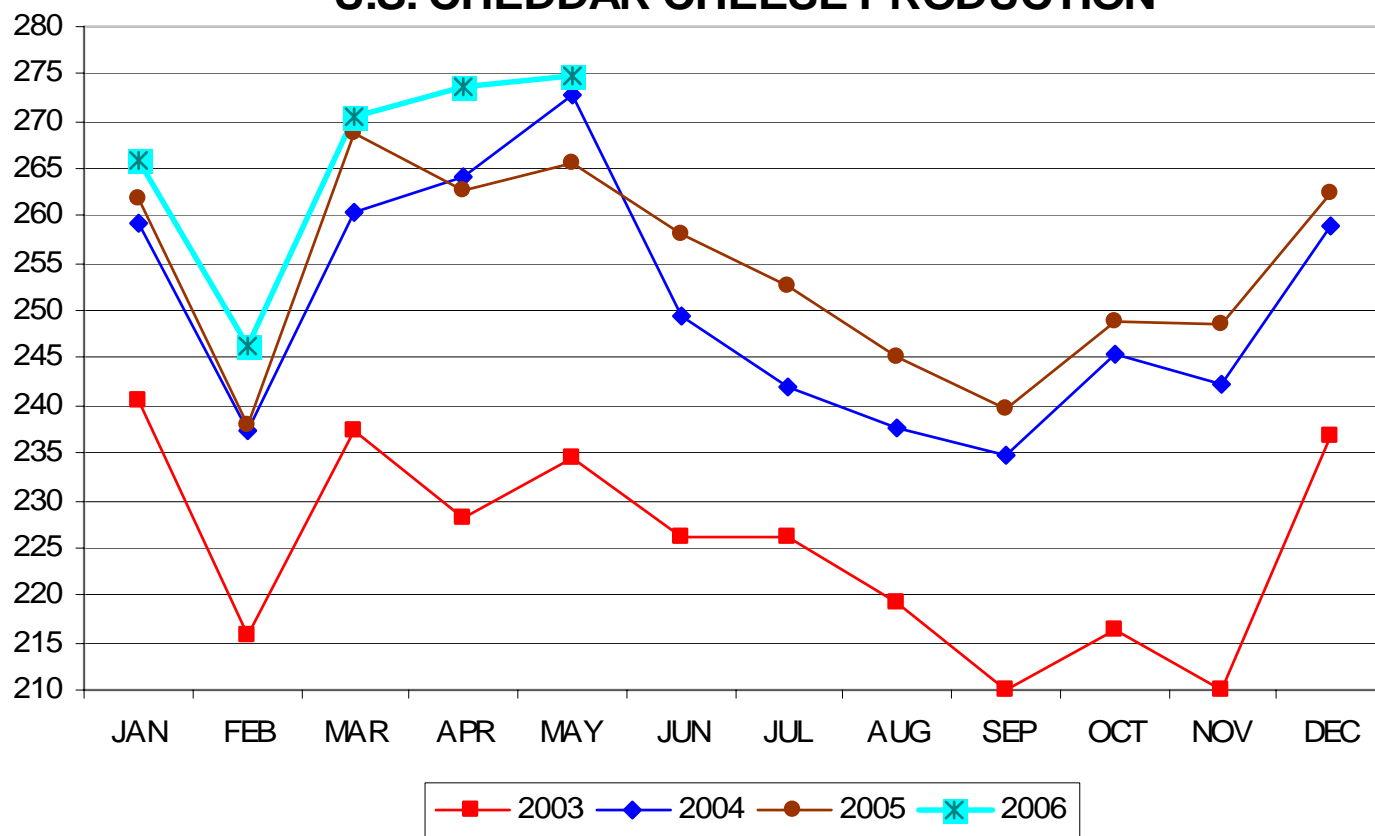
Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>
MAR 2006	194.0	2.6	183.0	0.9	184.5	0.3	182.9	0.3	175.4	-5.2	185.9	0.9
APR 2006	193.7	1.8	181.3	-0.5	182.8	-0.7	180.4	-2.1	169.5	-9.2	185.5	0.4
MAY 2006	194.2	1.9	181.0	-1.3	179.6	-3.3	182.5	-0.9	171.2	-7.5	184.7	-0.2
U.S. City Average Retail Prices												
Month	Whole Milk <u>4/</u>		Butter <u>5/</u>		Process Cheese <u>6/</u>		Natural Cheese <u>7/</u>		Ice Cream <u>8/</u>			
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005		
	Dollars											
MARCH	3.161	3.226	3.080	3.456	3.836	3.843	4.365	4.354	3.782	3.654		
APRIL	3.123	3.225	2.794	3.404	3.814	3.840	4.379	4.449	3.622	3.772		
MAY	3.066	3.207	2.966	3.409	3.701	3.776	4.284	4.379	3.674	3.948		

^{1/} "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ^{2/} The standard reference base period for these indexes is 1982-1984 = 100. ^{3/} Percent change over previous year. ^{4/} Per gallon. ^{5/} Per pound. Grade AA, salted, stick butter. ^{6/} Per pound, any size and type of package. ^{7/} Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). ^{8/} Per 1/2 gallon, prepackaged regular.



Source: US Dept of Labor, BLS, Graph: DMN

Million Pounds

U.S. CHEDDAR CHEESE PRODUCTION

Million Pounds

U.S. TOTAL AMERICAN CHEESE PRODUCTION